STATE OF ARIZONA

JUN 1 3 2002

STATE OF ARIZONA

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| DEP1. | OFINSURANCE |
| BY | |

DEPARTMENT OF INSURANCE

| In the Matter of |) Docket No. 02A-081-INS |
|--|--------------------------|
| VILLANOVA INSURANCE COMPANY, (NAIC No. 19577) |) CONSENT ORDER |
| Respondent. |) |

On April 26, 2002, the State of Arizona, Department of Insurance (the "Department"), issued an Order Summarily Suspending Certificate of Authority and Notice of Hearing to Villanova Insurance Company ("Respondent"). Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

- 1. Respondent Villanova Insurance Company ("Respondent") is domiciled in Pennsylvania and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact casualty, workers' compensation insurance, disability, marine and transportation, property, surety, and vehicle insurance.
- 2. The Respondent's Annual Statement as of December 31, 2001 reported an operating loss of (\$29,409,890). This loss exceeds 50% of the Respondent's remaining surplus as regards policyholders that is in excess of the minimum required. Pursuant to A.A.C. R20-6-308(A)(7), Respondent is in hazardous financial condition.
- 3. Respondent reported affiliated investments and receivable totaling \$29,316,847, which admitted assets represent 106% of policyholder surplus. Pursuant to A.A.C. R20-6-308(A)(8), Respondent is in hazardous financial condition.
- 4. Respondent is the subject of an Order of Rehabilitation entered by the Commonwealth Court of Pennsylvania on March 28, 2002.

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CONCLUSIONS OF LAW

- 1. The Director has jurisdiction over this matter.
- 2. Respondent is in unsound financial condition or in such condition as to render its further transaction of insurance in this state hazardous to the policyholders or to the people of this state, within the meaning of A.R.S. § 20-220(A)(3) and A.A.C. R20-6-308.
- 3. Grounds exist for the Director to suspend or revoke Respondent's certificate of authority pursuant to A.R.S. §20-220(A)(3).

ORDER

IT IS ORDERED:

- Suspending the certificate of authority held by Respondent Villanova Insurance
 Company to transact insurance business in Arizona.
- 2. Prohibiting Respondent from issuing new and renewal insurance effective immediately, except that Respondent shall extend existing policies for the minimum period necessary to provide timely notice of non-renewal to the policyholder as required by Arizona Revised Statutes and the insured's policy.
 - 3. The administrative hearing, which is scheduled to convene on June 5, 2002, is vacated.

DATED AND EFFECTIVE this 13th day of June, 2

CHARLES R. COHEN, Director Arizona Department of Insurance

CONSENT TO ORDER

- 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.
- 3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondent states that no promise of any kind of nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order, and that it has entered into this Consent Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer or subdivision of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

Date

By

BRUCE M. DALEY

REHABILITATION TEAM LEADER

Its

PA DEPT. OF INSURANCE

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| 1 | COPY of the foregoing mailed/hand-delivered |
|----|---|
| 2 | this 13th day of June, 2002, to: |
| 3 | John Kessock, Jr. President |
| 3 | Villanova Insurance Company |
| 4 | One Logan Square, Suite 1400 Philadelphia, PA 19103 |
| 5 | • |
| 6 | Andrew S. Walsh Statutory Agent for |
| 0 | Villanova Insurance Company |
| 7 | One Logan Square, Suite 1400 |
| | Philadelphia, PA 19103 |
| 8 | Demonstration in Language |
| 9 | Pennsylvania Insurance Department 1326 Strawberry Square, 13 th Floor |
| 9 | Harrisburg, Pennsylvania 17120 |
| 10 | |
| | Larry Etchechury, Director |
| 11 | Industrial Commission of Arizona |
| 12 | 800 West Washington Street Phoenix, Arizona 85007 -2922 |
| 12 | Thomas, Alizona 65007 -2522 |
| 13 | Michael E. Surguine, Executive Director |
| | Arizona Property and Casualty Guaranty Fund |
| 14 | 3443 North Central, Suite 1000 |
| 15 | Phoenix, AZ 85012 |
| | Eric A. Bryant, Administrative Law Judge |
| 16 | Office of Administrative Hearings |
| | 1400 West Washington Street, Suite 101 |
| 17 | Phoenix, AZ 85007 |
| 18 | Sara Begley, Deputy Director |
| | Catherine O'Neil, Assistant Director |
| 19 | Steve Ferguson, Assistant Director |
| 20 | Deloris Williamson, Assistant Director |
| 20 | Scott Greenberg, Business Administrator Paul Hogan, Market Conduct Chief Examiner |
| 21 | Kurt Regner, Chief Financial Analyst |
| -1 | Leslie Hess, Financial Affairs Legal Analyst |
| 22 | Arizona Department of Insurance |
| 22 | 2910 N. 44th Street, Suite 210 |
| 23 | Phoenix, Arizona 85018 |
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